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TO RUEHC/SECSTATE WASHDC 9663  
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RUFOADA/JAC MOLESWORTH AFB UK  
RUEKJCS/SECDEF WASHINGTON DC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RHMCSUU/DEPT OF ENERGY WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEAIIA/CIA WASHINGTON DC  
RHEFDIA/DIA WASHINGTON DC

UNCLAS SECTION 01 OF 02 LAGOS 000793

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STATE FOR AF/W, INR/AA, DS/IP/AF, DS/ICI/PII, DS/DSS/OSAC  
OSLO FOR HELENA SCHRADER  
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STATE PASS USTR FOR ASST USTR FLISER  
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STATE PASS OPIC FOR ZHAN AND MSTUCKART  
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SUBJECT: NIGER DELTA: DESOPADEC FOR OIL COMMUNITY  
DEVELOPMENT; WILL THE MONEY GET THERE?

REF: LAGOS 07 502

11. (SBU) Summary: The Delta State Oil Producing Areas Development Commission (DESOPADEC) has begun to develop riverine areas by offering health care to 180,000 individuals and by opening bids for more than 100 development projects. A decrease in oil production meant DESOPADEC received USD 8.5 million in November (it receives 50 percent of Delta's 13 percent derivation); a Commissioner told Poloff DESOPADEC would "do what it can" but that its allocation should be much higher. End Summary.

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A Commission for the Communities  
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12. (SBU) Community agitation led to the creation of the Delta State Oil Producing Areas Development Commission (DESOPADEC) under former Governor James Ibori and President Obasanjo. Ibori appointed DESOPADEC Chairman Chief Okirika and commissioners from oil producing communities; Uduaghan appointed new commissioners following his May 2007 inauguration because communities had not approved of their representatives. According to Okirika, commissioners recorded short and long term needs of their communities, which were provided by traditional rulers, leaders, women, and youth. Okirika told Poloffs on December 13 that DESOPADEC would meet community needs based on available funding.

13. (SBU) The Commissioner of Health Education and Social Services for DESOPADEC told Poloffs that unlike the Niger Delta Development Commission (NDDC), which has a broad regional mandate, DESOPADEC would succeed because it has a more narrow focus.

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DESOPADEC: 8 Commissions for Community Development  
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14. (SBU) DESOPADEC is divided into eight sections, each overseen by a commissioner politically appointed by the Governor from an oil producing community. DESOPADEC has reportedly advertised contracts for over 100 projects in local newspapers, according to Chairman Okirika. The Chairman hoped these projects would be awarded in early 2008.

Below is an outline of DESOPADEC's sections and the status of its projects:

--Industrialization of Degraded Environment (this area is heavily reliant on technical partners and investors):

a. Ten modular refineries/gas gathering plants would be given to communities, who would reportedly provide them with fuel. Thirty percent of the plants' profit would go to DESOPADEC, 35 percent to investors, and 5 percent to the producing community. (Comment: Detail as to how, exactly, oil or gas would be obtained by communities and sent to these modular refineries was sketchy. End Comment.)

b. DESOPADEC is interested in procuring reverse osmosis equipment which could create up to 1,600 gallons of potable water a day from humid air.

--Health, Education and Social Services: DESOPADEC has funded primary health care clinics and will pay for needed hospital operations; 180,000 individuals have reportedly received medical care.

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--Infrastructure and Waterways: DESOPADEC would like to introduce water taxis to riverine areas; this would require jetty building and waterway dredging, Chairman Okirika said.

--Agriculture and Aquaculture: There are proposed centers for rice, cassava, fishing, poultry, sugar cane, plantains, and a pig farm. Six rice centers have been surveyed and are ready for site-clearing.

--Micro Credit Facilities: DESOPADEC would like naira 1.4 billion (USD 11.9 million) to be available for micro credit through local banking institutions. Consultants would teach recipients how to spend their funds and respect their obligations to the bank.

--Finance and Supply  
--Project Inspection  
--Legal Department

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Finances: Don't Ask Too Many Questions  
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15. (SBU) On December 13, one commissioner told Poloffs DESOPADEC receives 50 percent of the state's 13 percent oil derivation allocation and is therefore dependent upon oil production. DESOPADEC was given naira 35 billion (USD 300 million) when it was inaugurated and its November allocation was over naira 1 billion (USD 8.5 million). However, our contact said he could not give an exact figure and told Poloffs he had learned not to "ask so many questions" about revenue.

16. (SBU) DESOPADEC "does what it can" but funding levels could be much higher, the commissioner said. Public enlightenment is needed so that project demand could be tailored toward available resources, he opined. However, proper use of DESOPADEC's allocation depends upon the integrity of all involved. There are currently no internal controls to monitor areas for corruption, such as working hours and illegal medical sales, he lamented.

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Share Facilities to Temper Rivalry  
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¶7. (SBU) One commissioner said DESOPADEC-built structures such as clinics, could be located near oil producing communities, but also available to non oil producing areas for all people to benefit. This, he contended, would mitigate community rivalry and unrest.

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Comment  
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¶8. (SBU) Chairman Okirika is well known in Delta State and has been praised by other contacts (including youths) as someone interested in community development. Okirika's strong relations with Former Governor Ibori and current Governor Uduaghan appear to be paying off since DESOPADEC received its allocations, albeit less than hoped for. However, it remains to be seen how transparent and accountable its spending will be. End Comment.

¶9. (U) This cable was cleared by Embassy Abuja.  
BLAIR